



FACT SHEET

U.S.-Panama Trade Promotion Agreement Arizona Farmers Will Benefit

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The U.S.-Panama Trade Promotion Agreement eliminates tariffs and other barriers on most U.S. goods, increasing export opportunities for agricultural products important to Arizona. With immediate elimination of duties on over 60 percent of current U.S. trade, this agreement changes the one-way street of duty-free access currently enjoyed by most Panamanian exports into a two-way street benefiting both countries. The American Farm Bureau strongly supports the agreement, predicting widespread gains for U.S. agriculture exceeding \$190 million per year.

Arizona's exports to all countries, estimated at \$506 million in 2007, supported about 5,380 jobs, on and off the farm. These export sales make an important contribution to the Arizona farm economy which had total cash receipts of \$3.4 billion in 2007.

Beef. With the second largest source of farm cash receipts, at \$677 million in 2007 or 20 percent of the state's total, Arizona's cattle and calf industry will profit from this agreement.

- Panama will immediately eliminate its 30-percent duty on beef products of most importance to the U.S. beef industry--prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariffs on other edible offal will be eliminated immediately.
- Panama has already implemented our December 2006 bilateral agreement on sanitary and phytosanitary (SPS) measures, reopening its market to U.S. beef by bringing its import requirements related to BSE into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Dairy Products. The Arizona dairy industry earned cash receipts of \$801 million in 2007, making it the largest agricultural industry in the state. Dairy farmers will benefit from this agreement.

- U.S. exporters will have immediate duty-free access to nine preferential dairy tariff-rate quotas (TRQs) with a combined total of 3,986 tons. These include

- 2,625 tons of skim milk powder, 728 tons of cheese, 263 tons of ice cream, and 370 tons of other dairy products. These quantities will grow by 4 or 5 percent each year and the over-quota tariffs for these TRQs, which range from 15 percent for ice cream to 50 percent for milk powders, will be phased out in 15 to 17 years.
- U.S. dairy exporters will continue to have access to the global TRQs for 3,830 tons of milk powder and 3,782 tons of cheese that are part of Panama's World Trade Organization commitments.
 - Panama will eliminate its 30-percent tariff on dried whey products immediately. The tariffs on most other dairy products, which currently face duties as high as 140 percent, will be phased out over 15 years.
 - In addition, Panama has already implemented our December 2006 bilateral agreement on SPS measures and technical standards by recognizing the equivalence of the U.S. food safety systems for processed foods, including dairy products, and by streamlining its product registration system for packaged foods. This will allow U.S. food processors to export dairy products to Panama without burdensome paper work and without having each facility and shipment inspected by Panamanian authorities.
 - The National Milk Producers Association supports the Agreement, noting that "Panama imports nearly half its dairy products, and the U.S. stands to become a larger supplier once the FTA is finalized."

Vegetables. The vegetable industry is important to Arizona. Lettuce alone had farm cash receipts totaling \$560 million, or 16 percent of the state's total. Arizona's vegetable growers will benefit from this agreement.

- Panama will eliminate its tariffs on nearly all frozen and processed vegetables immediately. The tariff faced by U.S. exporters for these products currently is 15 percent.
- The tariffs for most fresh vegetables will be eliminated in 10 to 15 years.
- Panama will eliminate its 15-percent tariffs on fresh lettuce, cauliflower and broccoli in 12 years. The 15-percent tariffs on frozen broccoli, cauliflower and vegetable mixtures will be eliminated immediately.

Fruits. Arizona is the eighth largest exporter of fresh and processed fruits, and this agreement will benefit Arizona.

- Panama will eliminate its tariffs on nearly all fresh and processed fruits immediately.
- Following are examples of fruit products of importance for Arizona that will be duty-free immediately (the currently applied tariff is indicated in parentheses): melons (15 percent), oranges (15 percent), and grapefruit (15 percent).

Tree Nuts. As a large U.S. exporter of tree nuts, Arizona will gain from this agreement.

- Panama will eliminate its tariffs on all shelled and roasted nuts immediately. The current tariff on pecans is 10 percent and the tariff for all roasted nuts is 15 percent.
- Panama will also eliminate its tariffs on most in-shell nuts immediately, but the tariff on in-shell nut mixtures will be phased out in 5 years. These tariffs currently range from 5 to 10 percent.